

SOCIAL SECURITY ADMINISTRATION

CFDA 96.001 SOCIAL SECURITY—DISABILITY INSURANCE (DI) CFDA 96.006 SUPPLEMENTAL SECURITY INCOME (SSI)

I. PROGRAM OBJECTIVES

The Social Security Administration (SSA) is responsible for disability determinations under the Disability Insurance (DI) and the Supplemental Security Income (SSI) programs. The DI program was established in 1954 under Title II of the Social Security Act and provides benefits to disabled wage earners and their families in the event the family wage earner becomes disabled (Section 221 of the Social Security Act). In 1974, Congress enacted Title XVI, the SSI program, which provides benefits to financially needy individuals who are aged, blind or disabled (Section 1633 of Social Security Act).

II. PROGRAM PROCEDURES

The disability process begins when a person, referred to as a claimant, completes a claim for DI or SSI benefits. SSA field office staff verifies the claimant's non-medical eligibility. The claim is then forwarded to the State Disability Determination Services (DDS) for a medical determination of disability. To assist in making proper disability determinations, the DDS is authorized to purchase medical examinations, x-rays and laboratory tests on a consultative basis to supplement evidence obtained from the claimants' physicians or other treating sources.

SSA pays the DDS for 100 percent of the costs incurred in making disability determinations. Each year the State DDS submits a budget request to SSA for review and approval. The DDS is notified of budget approval by Form SSA-872, *State Agency Obligational Authorization for SSA Disability Programs*. Once approved, the DDS is allowed to withdraw Federal funds through the Department of the Treasury's Automated Standard Application for Payment system to meet immediate program expenses. At the end of each quarter of each fiscal year, the DDS submits a Form SSA-4513, *State Agency Report of Obligations for SSA Disability Programs*, to account for program disbursements and obligations and a Form SSA-4514, *Time Report of Personnel Services for Disability Determination Services*, to account for employee time.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for a Federal program, the auditor should first look to Part 2, Matrix of Compliance Requirements, to identify which of the 12 types of compliance requirements described in Part 3 are applicable and then look to Parts 3 and 4 for the details of the requirements.

A. Activities Allowed or Unallowed

DDSs make disability determinations based on the law and regulations and on written guidelines issued by SSA. Each State making disability determinations is entitled to receive from the Trust funds reimbursement for the cost of making those disability determinations for SSA. Activities shall be in accordance with the budget request approved by SSA. Purchased medical services, such as Medical Evidence of Record

(MER) and Consultative Examinations (CE), must be in accordance with the DDS's fee schedule for purchased medical services. Activities allowed under the disability programs include personnel services, purchased medical services, indirect costs and other non-personnel costs (42 USC 421 (e) and (f); 20 CFR sections 404.1626 and 416.1026).

B. Allowable Costs/Cost Principles

1. *Direct Costs* – The SSA Program Operations Manual System (POMS) contains guidance on direct costs for both the DI and SSI programs. Personnel services (POMS DI 39518) include personnel costs and employee benefits. Purchased medical services (POMS DI 39545) include MER and CE. Other non-personnel costs include travel (POMS DI 39524), space (POMS DI 39527), equipment (POMS DI 39530), and contracted services (POMS DI 39542).
2. *Indirect Costs* – Indirect costs which may be charged to the disability program generally arise from three sources: (a) administrative costs of the parent agency related to DDS; (b) business costs associated with the accounting, billing, and procurement services provided by the parent agency for the DDS; and (c) automated services provided to the DDS that are operated by the parent agency. Indirect costs charged to the disability program should be based on the rate approved by the cognizant Federal agency as evidenced by a written agreement.
3. *Non-SSA Work* – Some DDSs make disability determinations for claims not related to SSA benefits. When a DDS performs non-SSA work, a Memorandum of Understanding should exist between the State and the SSA Regional Commissioner that outlines the specifics of the non-SSA work. The SSA should not be charged the costs on the non-SSA program work (POMS DI 39563).

L. Reporting

1. Financial Reporting

- a. SF-270, *Request for Advance or Reimbursement* – Not Applicable
- b. SF-271, *Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. SF-425, *Federal Financial Report* – Not Applicable
- d. SSA-4513, *State Agency Report of Obligations for SSA Disability Programs* – This report is due quarterly for each fiscal year still open in order to account for program disbursements and unliquidated obligations (POMS DI 39506.202).
- e. SSA-4514, *Time Report of Personnel Services for Disability Determination Services* – This report is due quarterly to account for employee time (POMS DI 39506.230).

- f. SSA-871, *State Agency Schedule for Equipment Purchases for SSA Disability Programs* – This report is due to account for disbursements for EDP and non-EDP equipment purchases within a quarter (POMS DI 39506.250).

2. **Performance Reporting** – Not Applicable

3. **Special Reporting** – Not Applicable

N. **Special Tests and Provisions**

Consultative Examinations Process

Compliance Requirement - Each State agency is responsible for comprehensive oversight management of its CE process for ensuring accuracy, integrity, and economy of the process. At a minimum, DDSs must provide procedures for performing medical license verifications to ensure only qualified providers perform CEs for DDSs (POMS DI 39545). By “qualified” SSA means that the medical source must (1) be currently licensed in the State and have the training and experience to perform the type of examination or test the DDS requests; and (2) not be barred from participation in Medicare or Medicaid programs or other Federal or federally assisted programs. Prior to using the services of any CE provider, the DDS must (1) check the Health and Human Services, Office of the Inspector General (HHS OIG) List of Excluded Individuals and Entities (LEIE) (<https://oig.hhs.gov/exclusions/index.asp>); and (2) verify medical licenses, credentials, and certifications with state medical boards. In addition, DDSs must conduct periodic license checks of CE providers used by the DDS, including providers who perform CEs near and across the borders of neighboring States. DDSs are required to (1) review the HHS OIG LEIE for each CE provider at least annually, and (2) verify license renewals (POMS DI 39569).

Audit Objective – Determine whether the State agency performed the required reviews to ensure that only qualified providers perform CEs.

Suggested Audit Procedures

1. Determine whether the State agency has written procedures for verifying--before engaging the services of a provider and periodically thereafter—whether providers have valid medical licenses and are not on (HHS OIG) List of Excluded Individuals and Entities (LEIE).
2. Select a sample of CE service agreements entered into during the audit period and determine whether, before using the services of the CE provider, the State agency checked the HHS OIG List of Excluded Individuals and Entities (LEIE); and (2) verified medical licenses, credentials, and certifications with state medical boards.

3. Determine whether (a) the State agency performed a periodic review for each CE; (b) the results were adequately documented; and (c) as appropriate, actions were taken to terminate CE agreements.

IV. OTHER INFORMATION

Disbursements for the DI and SSI programs are not accounted for separately. Expenditures for both programs should be reported on the Schedule of Expenditures of Federal Awards under DI (CFDA 96.001).